

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04
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TO SECSTATE WASHDC 3256
INFO ALL EC CAPITALS 3274
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E.O. 11652: NA
TAGS: EEC, PO
SUBJECT: SOARES VISIT TO EC COMMISSION

1. SUMMARY. PORTUGUESE PRIME MINISTER CONCLUDED HIS TWO-STAGE TOUR OF EC CAPITALS SEEKING SUPPORT FOR PORTUGAL'S MEMBERSHIP IN EC WITH MARCH 11-12 VISIT TO BRUSSELS. AT DINNER TENDERED BY EC COMMISSION PRESIDENT, AND AGAIN AT PRESS CONFERENCE CONCLUDING VISIT, SOARES MADE IT CLEAR THAT PORTUGAL SEEKS FULL EC MEMBERSHIP AND SAID HE HOPES COMMUNITY WILL AGREE TO OPEN NEGOTIATIONS IN 1978. COMMISSION WELCOMED PORTUGAL'S DESIRE TO "CONTRIBUTE TO THE BUILDING OF EUROPE," AND PROMISED TO WORK CLOSELY WITH THE PORTUGUESE TO DEVELOP SOLUTIONS TO THEIR CURRENT ECONOMIC PROBLEMS IN ORDER TO BRING ABOUT PORTUGAL'S RAPID INTEGRATION INTO THE COMMUNITY. END SUMMARY.

2. IN LENGTHY DINNER TOAST MARCH 11 SOARES TOLD EC COMMISSION THAT THE ONLY LOGICAL AND ACCEPTABLE OUTCOME OF PORTUGAL'S RECENT DEMOCRATIZATION, DECOLONIALIZATION, AND SOCIETAL REFORM IS "FULL AND COMPLETE" INTEGRATION WITH WESTERN EUROPE. SOARES DID NOT MINIMIZE THE ECONOMIC PROBLEMS FACING PORTUGAL, BUT SAID THAT WITH
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REMEDIAL ACTIONS ALREADY UNDERWAY, AND OTHERS TO BE TAKEN CONSULTATION WITH THE EC AS ACCESSION NEGOTIATIONS PROGRESS, HE IS CONFIDENT PORTUGAL WILL ULTIMATELY BE ABLE TO PLAY ITS FULL EC ROLE.

3. IN HIS DINNER REMARKS COMMISSION PRESIDENT JENKINS REFERRED TO "THE COLLECTIVE WISH OF THE

GOVERNMENTS AND PEOPLES OF THE EEC TO SEE PORTUGAL TAKE HER PLACE ALONGSIDE THEM IN THE TASK OF CREATING A NEW COMMUNITY." HE ALSO TOUCHED ON PORTUGAL'S ECONOMIC PROBLEMS, BUT SAID THAT IN PREPARING THE COMMISSION'S OPINION ON PORTUGAL'S ACCESSION REQUEST FOR EC COUNCIL IN THE MONTHS AHEAD, AND IN ADVISING GOP ON WHAT IT MIGHT DO IN TERMS OF ECONOMIC POLICY TO PREPARE ITSELF FOR EVENTUAL EC MEMBERSHIP, COMMISSION WILL BE MOTIVATED BY "PROFOUND GOOD WILL."

4. AT MARCH 12 PRESS CONFERENCE AFTER CONCLUSION OF TALKS WITH COMMISSION OFFICIALS, SOARES DISCUSSED HIS PLANS AND HOPES REGARDING PREPARATION FOR EC ACCESSION:

(A) MEMBERSHIP APPLICATION. PORTUGAL WILL FORMALLY APPLY FOR EC MEMBERSHIP BEFORE END OF MARCH.

(B) NEGOTIATING/ACCESSION TIMETABLE. SOARES HOPES COMMUNITY WILL AGREE TO OPEN NEGOTIATIONS IN EARLY 1978. NEGOTIATIONS MAY TAKE 2 - 3 YEARS. SOARES SUGGESTED TRANSITION PERIOD OF ABOUT 5 YEARS -- PERHAPS A BIT LONGER IN THE AGRICULTURAL SECTOR -- TO FOLLOW CONCLUSION OF NEGOTIATIONS. HE THOUGHT THE FULL INTEGRATION PROCESS SHOULD, IN ANY CASE, BE COMPLETED WITHIN 10 YEARS. (COMMENT: COMMISSION OFFICIALS INDICATE NO COMMITMENTS WERE MADE TO SOARES REGARDING TIMETABLE.)

(C) AGAINST "GLOBALIZATION" OF NEGOTIATIONS TO INCLUDE GREECE AND SPAIN. IN REPLY TO A QUESTION, SOARES SAID THAT SINCE EVERY COUNTRY FACES DIFFERENT UNCLASSIFIED

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CIRCUMSTANCES, EACH ASPIRANT'S ACCESSION NEGOTIATIONS SHOULD BE HANDLED SEPARATELY.

(D) PORTUGUESE ECONOMY. PORTUGAL WILL NEED "MASSIVE" OUTSIDE FINANCIAL ASSISTANCE TO TIDE IT OVER THE NEXT 2 - 3 YEARS, AFTER WHICH ITS BALANCE OF PAYMENTS SITUATION SHOULD BE SATISFACTORY. USG HAS INDICATED ITS "DETERMINATION" TO GRANT FURTHER FINANCIAL ASSISTANCE TO PORTUGAL AND SAID PORTUGAL IS NOW TRYING TO NEGOTIATE WITH A CONSORTIUM TO BE COMPOSED OF THE U.S. AND OTHER COUNTRIES A THREE-STAGE, 10 YEAR LOAN OF DOLS1.5 BILLION. GOP HAS RECENTLY TAKEN STEPS TO PUT ITS CONOMIC HOUSE IN ORDER AND WILL BE SUBMITTING AN ADDITIONAL "RECUPERATION PLAN" TO THE PORTUGUESE ASSEMBLY IN MAY. MOREOVER, GOP WILL CONTINUE TO TAKE MEASURES DESIGNED TO IMPROVE ITS ECONOMIC SITUATION AS EC ACCESSION NEGOTIATIONS UNFOLD. OVER THE LONG TERM PORTUGAL, WITH RICH MINERAL RESOURCES, IS "A GOOD PROPOSITION FOR INVESTMENTS" BY

ENTITIES FROM EC MEMBER COUNTRIES.

(E) POLITICAL COOPERATION. GOP IS PREPARED FOR "A CLOSER POLITICAL ASSOCIATION" WITH EC PRIOR TO EC MEMBERSHIP, PROVIDED EC DOES NOT SUGGEST COOPERATION SHOULD BE A SUBSTITUTE FOR MEMBERSHIP.

5. PRESS ASKED SOARES ABOUT "RUMORS" PORTUGAL WISHES TO BUILD 15 NUCLEAR POWER PLANTS BETWEEN 1982 AND 1990 AND HAS AGREED THAT FRG WILL GET THE CONTRACT FOR SOME OF THEM IN RETURN FOR GERMAN ECONOMIC AND OTHER ASSISTANCE. SOARES SAID NO COUNTRY HAS SET ANY PRECONDITIONS FOR ASSISTANCE TO PORTUGAL. HE SAID GOP CURRENTLY HAS NO BLUEPRINT FOR NUCLEAR POWER DEVELOPMENT BUT DOES FAVOR IT BECAUSE HYDRO-ELECTRIC POWER IS INSUFFICIENT FOR COUNTRY'S NEEDS AND PORTUGAL'S OIL RESOURCES "ARE STILL HYPOTHETICAL."
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NOTING SOME SEGMENTS OF PORTUGUESE POPULATION ARE OPPOSED TO NUCLEAR DEVELOPMENT, PRIME MINISTER SAID GOVERNMENT WOULD CONSIDER MATTER FURTHER BEFORE REACHING DECISION.

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